



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

26 Federal Plaza-Room 41-122  
New York, New York 10278  
PHONE: (212)-264-2069  
FAX: (212)-264-5478

May 12, 2005

Mr. Martin Benison  
Comptroller  
The Commonwealth of Massachusetts  
Office of the Comptroller  
One Ashburton Place, Room 901  
Boston, MA 02108

Dear Mr. Benison:

By letter dated January 4, 2005 your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2006. The proposal, based on actual costs for the year ended June 30, 2004, provided for two rates, i.e., 27.0% applicable to all employees except "uniformed" employees (justices, police, corrections, and parole officers), and 32.0% applicable to uniform employees.

Based on our review of your proposal, rates of 27% (Group Insurance - 18.4%, Retirement - 7.02%, Terminal Leave - 1.58%) and 32% (Group Insurance - 18.63%, Retirement - 12.53%, Terminal Leave - .84%) are approved for the non-uniform and uniform employees, respectively, covering the period July 1, 2005 through June 30, 2006. The approved rates include carry-forward amounts of over-recovery of \$29,616,568 for uniform employees and over-recovery of \$26,838,910 for all other employees. These amounts should be considered when computing rates based on actual costs for the fiscal year ending June 30, 2006.

This approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate. In addition, this approval is subject to the following conditions with respect to the submission of your next proposal based on actual costs for the fiscal year ending June 30, 2005, which must be submitted by December 31, 2005:

1. The Salary and Wage (S&W) base will include a reconciliation of the amounts per the payroll systems with the amounts reflected in MMARS, which is the basis of the submission.
2. With respect to the Retirement component:

The Commonwealth will submit all actuarial and financial reports prepared, whether they relate to payments to the pension system or actuarially determined amounts.

Mr. Martin Benison

-2-

May 12, 2005

## 3. With respect to the Group Insurance component:

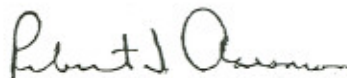
## a. Provide copies of Financial Statements, including expense details, covering the:

- (1) Rate Stabilization Reserve
- (2) State Employees' Trust Fund
- (3) Employee Withholding Trust Fund

## b. If expenditures noted above are included in the FB proposal, provide a justification.

In addition, please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and **FAX** (212-264-5478) it back to this office. If you have any questions, please contact my office at (212) 264-4300.

Sincerely,



Robert L. Aaronson  
Director, Division of  
Cost Allocation

Enclosures

Concurrence:

  
Name MARTIN Benison

Comptroller

Title

May 16, 2005

Date